

## Message Text

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UNCLAS GENEVA 8243

E.O. 11652: N/A

TAGS: OCON, ICEM

SUBJECT: ICEM MEETINGS NOVEMBER 11-18, 1975

1. LATEST ICEM 1975 BUDGET DOCUMENT MC/1130, SHOWS  
SIGNIFICANT REDUCTION IN 1975 DEFICIT FROM THAT ENVISIONED  
IN BUDGET DOCUMENT SCBF/159 USED FOR RECENT SCBF MEETING.  
FOR COMPARISON THERE FOLLOWS TABLE BY PROGRAM OF ESTIMATED  
BUDGET DEFICITS.

	SCBF/159	MC/1130	REDUCTION
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ADMINISTRATIVE	\$ 450,000	\$150,000	\$300,000
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SECTION I	57,150	57,100	50
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SECTION II	285,850	280,900	4.950
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SECTION III	387,400	181,000	206,400
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TOTAL	\$1,180,400	\$669,000	\$511,400
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2. ALTHOUGH ADMINISTRATIVE BUDGET CONTINUES TO SHOW  
DEFICIT, MISSION BELIEVES THIS COULD BE OVERCOME BY END  
OF YEAR. THIS OPTIMISM BASED ON HIGHER RATE EXCHANGE  
SF2.63 VIS 2.58 USED IN SECOND BUDGET VERSION AND  
REIMBURSEMENT FOR ADMINISTRATIVE EXPENSES ASSOCIATED  
WITH INDOCHINA PROGRAM. WITH PAYMENT LATEST INVOICE,  
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MISSION REIMBURSED ICEM \$872,505 FOR STAFF AND

SERVICES THIS PROGRAM. INCLUDED THIS AMOUNT IS \$185,571 FOR SALARIES AND \$385,000 FOR OVERHEAD EXPENSES. MISSION ASSUMED BY END OF YEAR ADMINISTRATIVE PAYMENTS WILL APPROXIMATE \$1 MILLION WHICH WILL NOT ONLY ELIMINATE DEFICIT BUT POSSIBLY PROVIDE FUNDS FOR CARRYOVER TO CY 1976.

3. BASED ON ABOVE, MISSION RECOMMENDS AGAINST ICEM'S SUGGESTIONS PARA 3, MC/1130, FOR ADDITIONAL FUNDS TO ELIMINATE PROJECTED DEFICIT. IN THIS REGARD, MISSION SUGGESTS THAT US REP BE INSTRUCTED TO PUT FORTH THESE FACTS AT NEXT SCBF MEETING FOR INCLUSION IN REPORT TO EXECUTIVE COMMITTEE.

4. OPERATIONAL PROGRAMS II AND III CONTINUE TO SHOW SUBSTANTIAL DEFICITS. WHILE THESE APPEAR TO BE SIGNIFICANT IN SIZE, IT APPEARS THAT ICEM HAS NOT INCLUDED OTHER POSSIBLE SOURCE OF ADDITIONAL INCOME. FOR INSTANCE, IN SECTION II, NO INCOME IS SHOWN FROM CUBAN REFUGEE ASSISTANCE FUND ALTHOUGH PROGRAM CONTINUED INTO 1975 AND FUNDS FROM OTHER SOURCES HAVE BEEN GREATLY REDUCED FROM THOSE IN 1974.

IN SECTION III, NO INCOME IS SHOWN FROM MIGRANT LOAN FUND AS WELL AS REDUCED AMOUNT FROM MIGRANTS AND SPONSORS WHEN COMPARED WITH CY 1974. HOPEFULLY, WHEN FINAL ACCOUNTING FOR 1975 IS MADE ADDITIONAL FUNDS WILL SURFACE TO OFFSET MOST IF NOT ALL OF PROJECTED DEFICITS.

5. WHILE ICEM'S MOVEMENT PROGRAM FOR 1976 HAS BEEN REVISED DOWNWARD FROM 65,700 TO 59,000, OVERALL BUDGET EXCLUDING SPECIAL CHILE AND INDOCHINA PROGRAMS, REVISED UPWARD FROM \$17,865,600 TO \$17,998,200.

6. AS IN PREVIOUS YEARS MOST SIGNIFICANT INCREASE IS ADMINISTRATIVE BUDGET FROM \$4,200,000  
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TO \$4,450,000. IN EVENT 1976 BUDGET APPROVED, USG'S CONTRIBUTION SHOULD BE \$1,342,733 INSTEAD \$1,433,190 SHOWN IN SCALE OF GOVERNMENT CONTRIBUTIONS. THIS REDUCTION IN LINE WITH USG POLICY NOT TO CONTRIBUTE MORE THAN 33-1/3 PERCENT OF GOVERNMENT CONTRIBUTIONS TO ADMINISTRATIVE BUDGET. ACCORDINGLY, USG CONTRIBUTION WOULD BE INCREASED FROM \$1,098,501 TO \$1,342,733.

7. WITH REGARD TO SRAFF COSTS AT HEADQUARTERS AND AREA REPRESENTATIVES (MC/1131 PARA 16 AND 18) COST FOR SECONDED STAFF TALLING \$205,700 SHOULD BE FULLY FUNDED AS (1) SALARY INCREASES AND BENEFQIOHYBR 1975 WERE INCLUDED IN FIRST REVISED BUDGET ESTIMATES (MC/EX:314, PARA 17) AND (2) SECONDED STAFF COSTS HAVE BEEN FULLY REIMBURSED IN 1975 -- SEE PARA 2 ABOVE.

8. ANALYSIS OF 1976 OPERATIONAL BUDGET SHOWS \$369,750 DECREASE IN TOTAL OPERATING COSTS FOR NEW SECTION I AS COMPARED WITH COMBINED TOTALS FOR OLD SECTIONS I AND III. COINCIDENTALLY, SECTION II 1976 OPERATING COSTS HAVE INCREASED BY \$369,950 OVER 1975. FOR SAKE OF COMPARISON THERE FOLLOWS TABLE BY CATEGORY OF EXPENSE FOR OLD AND NEW SECTIONS.

NEW SECTION I OLD SECTION I & III REDUCTION

MIGRATION SERV.	\$ 872,550	\$1,240,650	\$(368,100)
PLACEMENT SERV.	1,100,950	1,189,350	(88,400)
LANG. TRG. SERV.	244,750	173,400	71,350
INFO. PROGRAM	41,000	25,600	15,400
TOTAL	\$2,259,250	\$2,629,000	\$(369,750)

NEW SECTION II OLD SECTION II REDUCTION

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MIGRATION SERV.	\$2,033,300	\$1,734,400	\$ 298,900
PLACEMENT SERV.	62,400	---	62,400
LANG. TRG. SERV.	146,650	132,700	13,950
INFO. PROGRAM	34,000	39,300	( 5,300)
TOTAAL	\$2,276,350	\$1,906,400	3 369,950

9. ALTHOUGH ICEM SHOWS DECREASE IN OPERATING COSTS IN NEW SECTION I, A \$399,900 DEFICIT IS PROJECTED FOR 1976. WITH USG CONTRIBUTION BEING REDUCED FROM \$750,000 TO \$400,000 DEFICIT WILL NATURALLY BE

INCREASED BY \$350,000. WHILE ICEM DIRECTOR WAS AWARE OF USG'S INTENTION TO REDUCE CONTRIBUTION THE BUDGET DOES NOT REFLECT THIS REDUCTION IN RESOURCES. IN THIS REGARD, MISSION RECOMMENDS THAT USDEL TO SCBF BE INSTRUCTED TO ANNOUNCE THIS REDUCTION SO IT WILL BECOME PART OF REPORT TO THE EXECUTIVE COMMITTEE AND COUNCIL. ALTHOUGH THE DIRECTOR HAS EXPRESSED HIS CONCERN IN A LETTER TO MEMBER GOVERNMENTS (SEE GENEVA 8027) ABOUT THE DEFICIT IN 1976 NO REDUCTIONS IN STAFF OR OPERATING COSTS ARE SHOWN IN BUDGET DOCUMENT. LIKEWISE, SECTION II SHOWS DEFICIT OF \$384,000 WITHOUT MENTION OF ANY ATTEMPT TO SHOW REDUCTION IN OPERATING COSTS. IT IS INTERESTING TO NOTE THAT IN BOTH SECTIONS ESTIMATED MOVEMENTS SHOW A DECREASE OF 600 AND 900 RESPECTIVELY, WHILE CORRESPONDING OPERATING COSTS REMAIN HIGH.

10. MISSION REQUESTS TELEGRAPHIC OUTLINE OF USG POSITION ON SUGGESTED RECOMMENDATIONS AND PARTICULARLY RESPECT 1976 BUDGET ESTIMATES.ABRAMS

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